



Savola News

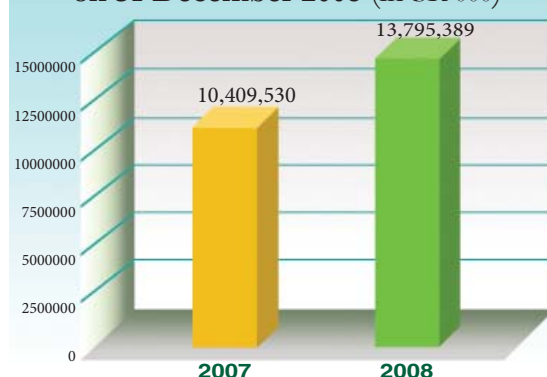
Issued by the Savola Group Management to enhance communication with its Shareholders, Investors and all Stakeholders through furnishing them with its latest developments and performance progress on quarterly basis.

Savola Group Reports SR 202 Million Net Profits for 2008



The Group Managing Director and the Executive Team announce the 4th quarter results during the Group's Press Conference

Revenues growth for the year ended on 31 December 2008 (in SR 000)



Financial StatementsPage 5

Savola Congratulates H.E Eng. Adel Fakeih for His New Office Term Extension as "Mayor of Jeddah Municipality"



In honor of H.E. Eng. Adel Fakeih, Chairman of Savola Group; the Group held a reception on 29th January 2009 at its HQ to congratulate his Excellency for his new office term extension as "Mayor of Jeddah Municipality" for the coming four years, which demonstrates the continued Royal Trust in his Excellency. The reception was attended by Group Managing Director, Executive Management Team and Staff, who wished his Excellency all the success in his current continued responsibilities serving for the better welfare of the Community of Jeddah Region.



Savola Holds its Annual Management Conference To Review Year 2008 Performance and Share Key Learnings as Well as Year 2009 Outlook



For Annual Conference details ...
See page 7



Eng. Adel M. Fakeih

Message from the Chairman

In the name of Allah... the Most Gracious... the Most Merciful

May peace and blessings of Allah be upon Prophet Mohamed Ibn Abdullah..

Dear Savola Group shareholders,

It gives me great pleasure to welcome you through this issue of "Savola Newsletter" for the 4th quarter of 2008 and to update you on the latest development and achievements of your Group.

The year 2008 was indeed a year that witnessed several business achievements for Savola Group as well as major challenges. The Group commenced new promising businesses during the year, entrenched its leadership position in its core businesses and entered as well into new geographies. The most distinguished amongst these achievements were the commissioning of the new sugar refinery in Egypt with an annual capacity of 750,000 MT, launching of our new edible oils refinery in Algeria, embarking on the construction of a sugar beet refinery in Egypt and opening of 17 new Panda stores in Saudi Arabia. The Group also signed an MOU to acquire a majority stake in one of the major edible oil players in the promising market of Pakistan. The Group also increased its shareholding in Al Marai Company from 25% to 28%.

However, the prevailing financial crisis also posed key challenges to our Group. The credit crisis impacted the Group mainly through the sharp collapse in its portfolio investment which followed the declining trend of worldwide stock markets. The other area where our Group got impacted was the steep decline in prices of food commodities during the second half of 2008. It is worthwhile to note here that the Group's sound financial policies and investment strategy has Alhamdulillah steered it off from any drastic adverse impact resulting from the financial crisis.

The Group has made a bold decision to mark our investments and inventories to market value which is in line with the Group's accounting standards. Accordingly, the Group made a total provision of SR 676 Million during year 2008. With this provision, the Group reported a net profit of SR 202 Million as compared to last year's net profit of SR 1.23 Billion.

In terms of sales growth, the Group continued its robust growth drive through achieving a solid growth of 32% in Group's sales revenues for year 2008 which reached SR 13.8 Billion. The growth in revenues was reflected across all business sectors as well as all geographies.

During the year 2009, the Group aims to further focus on its core businesses and leverage on its core competencies and strategic assets. The Group intends to explore several promising investment opportunities in its core businesses in the region, which will further strengthen its leadership position InshaAllah. The Group plans to achieve a target for the year 2009 of a net profit of SR 800 Million without taking into consideration any capital gains.

To further reinforce its efforts in the corporate governance field, the Group will practice and promote additional disclosure and transparency by further enhancing the level of compliance with both local and international best practices. I am pleased to inform you that the Group due to its continuous efforts in corporate governance was selected within the Golden category for Sa'afa Leadership Award along with two other institutions, namely, the Islamic Development Bank and CITC for promoting transparency, integrity, fairness and accountability standards. The award has been launched lately in 2008 under the patronage of HRH Prince Salman Bin Abdulaziz. This is in addition to a number of local and international awards and leading ratings which the Group has achieved during the year 2008 in areas of Corporate Social Responsibility, Corporate Governance and Transparency standards.

Finally, I would like to extend my sincere thanks to all our esteemed shareholders for their continued support & trust in our Group. My sincere thanks and appreciation also extend to the Group Board of Directors, its management team and all employees inside & outside the KSA for their dedication and efforts.

Wishing you all the best

Eng. Adel M. Fakeih

Chairman of the Board of Directors

Savola Group Reports SR 202 Million Net Profits for 2008

The SAVOLA Group announced the financial results for the 4th quarter and the full year 2008. Despite the sharp decline in net income over the previous year, the Group continued to its top line growth, as reflected in the 32% increase in revenues to reach SR 13.8 Billion, confirming and further strengthening its leadership position in local and international arenas.

The sharp drop in commodity prices had an adverse impact on the Group margins. In addition, the sharp decline in the stock markets also resulted in making a provision to match its investment to market value. Accordingly, the Group made total provisions of SR 676 Million against its high cost inventories and investment portfolio.



Media Representatives and Economists During the Savola Press Conference



The unprecedented collapse in raw material and commodity prices in the second half of 2008 led to the decrease in the Group's gross profit margin in its core activities reducing these margins to 7% for the 4th quarter compared to the average ranging between 16% - 17%, contributing SR242 Million to the total provision. At the

same time, the sharp decrease in the local, regional and international stock markets led to a decrease in the market value of SAVOLA's investment portfolio, adding SR 434 Million to the above provision, thus lowering the year's profits to SR 202 Million.

Although the group net loss for the 4th quarter amounted

to 464 Million Riyals, it is noteworthy that, the decision to make these provisions, is in line with our pioneering role in promoting good corporate governance, transparency and accounting standards in our region. In order to realize benefits in the medium and long term, rather than the short term.

The Savola Group Interim/Annual Financial Performance Summary for the year 2008

SR Million	Year 2007	Year 2008	1st Half 2008	Q3 2008	Q4 2008
Net Sales	10,410	13,795	6,309	3,919	3,567
Gross Profit	1,704	1,788	1,031	511	246
GP Margin	16.4%	13.0%	16.6%	13.0%	6.9%
Operating Profit/ Loss	733	673	476	243	(46)
Capital Gain/ Loss	754	(289)	171	12	(472)
Net Profit/ Loss	1,230	202	508	158	(464)

The Breakdown of the Savola Group Interim/Annual Profitability for the year 2008

SR Million	Year 2007	Year 2008	1st Half 2008	Quarter 3 2008	Quarter 4 2008
Foods Sector	156	1	154	99	(252)
Retail Sector (Panda & Herfy)	51	177	72	48	57
Plastic Sector	40	56	19	16	21
Income From Strategic Investments	156	239	151	75	63
Capital Gain (Loss)	864	148	171	12	(35)
Provisions and Others	(37)	(419)	(9)	(92)	(318)
Net Profit (Loss)	1,230	202	508	158	(464)



Distribution of SR 125 Million as Dividends for the 4th Quarter 2008 Savola Projects SR 800 Million as Net profits for 2009

Continuing its policy to declare quarterly dividends to its shareholders, The Savola Group, announced that the Board approved a dividend distribution of SR 125 Million for 4th quarter of 2008 (i.e SR 0.25 per share) to all shareholders registered in the company books at the end of the trading day (18th April, 2009); the distribution of Dividends will begin two weeks from maturity date. It is noteworthy to mention that the Group has already distributed SR 375 Million as dividends for the first nine months of 2008, bringing the total dividends distributed for the full year 2008 to SR 500 Million (i.e. SR 1.00 per share).

In line with the principle of transparency, Dr. Sami Baroum, the Managing Director of the Group, announced that Savola projects a net profit of SR 800 Million for the year 2009 generated from its core sectors, not including capital gains that may result during the year. He also announced that the Group projects its 1st quarter 2009 net income to be SR 160 Million. These estimates are based on the stability in the prices of raw materials at historical levels and the execution of various expansion programs during the year. "The Group will continue its policy of paying dividends on quarterly basis", highlighted Dr Sami Baroum.

Panda Increases Its Sales by 35%

And opened 17 new stores during 2008

Retail Sector of Savola Group, Panda & Giant Stores had achieved unprecedented sales during the year 2008 exceeding SR 6.6 Billions which represent a 35% growth over 2007 while maintaining a healthy growth of the net profits.

Dr. Mohammed Amin Kashgari, CEO Retail Sector stated that 17 new stores have been opened in 2008, six of them are Hypermarkets and five are in new cities of Beesha, Najran, Abgaig, Khamis Moshait and Dhahran. Upon the completion of the merger with Giant Stores within the next two months, the number of Hyperpanda stores will reach 22 in addition to 78 Panda supermarkets located in various cities and regions of the Kingdom bringing the total number of retail sector's stores to 100.

This excellent performance is due to the continuing support and trust given to us by millions of our loyal customers. The number of customers for Panda and Giant Stores grew by 18% during 2008 crossing the 69 million mark. Dr. Kashgari pointed out that the company enjoyed strong leadership position in the Saudi Retail market in terms of total sales turnover, selling area and number of stores. This was equally mirrored as well in terms of Saudization level as the Panda Stores employed 3,432 Saudis which was further complemented by 445 Saudis from Giant Stores.

Dr. Kashgari also confirmed the company's ambitious expansion plan which aims at opening 120 stores of Panda supermarkets and 40 hypermarkets by the end of the year 2012.

In the presence of Dr. Sami M. Baroum, the

Managing Director of Savola Group, Panda celebrated its 2008 accomplishments where Dr. Kashgari expressed his sincere thanks and gratitude to all Panda staff and employees who contributed to the successful implementation of the Plan and the timely delivery of the agreed goals. Dr. Kashgari asserted that this a success is being attributed to all the service and efforts dedicated during the year by the company's working teams. He also promised all customers that during 2009 Panda will save no effort to upgrade its customer services, modernize its markets and continuously improve its attractive promotions and valuable offers. Dr. Kashgari added that Panda is planning to open 15 new stores in various cities and regions of the Kingdom during 2009.



Dr. Sami Mohsen Baroum

Managing Director's Speech

In the name of Allah, the Most Gracious, the Most Merciful

Dear Esteemed Shareholders,

I would like to share with you a brief update on the year 2008 business and financial performance for the Savola Group. The year 2008 was indeed a challenging year for our Group. Although we have progressed on various business fronts and entrenched our leadership position across all our core businesses, the financial crisis impacted us in a major way in two key areas: 1) the market value of our investment portfolio has declined sharply compared to last year and 2) the dramatic collapse of the commodity prices during the last quarter wiped out the profits we made in the first nine months in the food sector. These two factors resulted in the Group making a total provision of SR 676 Million during year 2008 and as a result, the Group reported net profit of SR 202 Million as compared to last year's net profit of SR 1.23 Billion.

The decision by the Group to take the above provisions and to mark our investments to the current market value is in line with our pioneering role in promoting corporate governance, transparency and accounting standards in our region. This difficult but bold decision by our esteemed Board is indeed a true reflection of our Savolan Amanah value and our responsibility to keep our shareholders informed. I would like to take this opportunity to thank our honorable Board and our visionary Chairman for leading the Group's efforts in continuously pushing the frontiers in corporate governance and transparency standards not only in Saudi Arabia but across the entire region.

Our Group's sales turnover crossed the SR 13 Billion mark for the first time in its history. We closed the year with a total turnover of SR 13.8 Billion compared to last year's SR 10.4 Billion i.e. a solid growth of 32%. The operating income of the Group reached 673 Million in year 2008 (after absorbing the reduction in margin due to the commodity crash as well as a provision of SR 242 Million against high cost inventories) compared to year 2007 operating income of SR 733 Million. The Group continued with its consistent policy of paying dividends to its esteemed shareholders and announced dividends of SR 125 Million for the fourth quarter which resulted in a total dividend payout of SR 500 Million for the full year 2008.

Despite a highly challenging year, the Group's core businesses have further entrenched their leadership positions during year 2008 and we will InshaAllah leverage on these to further consolidate and achieve stronger leadership positions during the year 2009.

I would also like to stress here that crises not only pose difficult challenges and create risks, they as well present strategic opportunities. We, by the grace of Allah, the Almighty, hold strategic leadership positions in our core businesses which can and should be leveraged under these difficult times to further consolidate and achieve stronger leadership positions. We are strategically poised during year 2009 to make some strategic investments in our core businesses to not only endure the crisis but as well emerge from the current crisis even stronger than ever.

Although the road ahead is quite challenging, we, nevertheless pledge to you that we will InshaAllah deliver a net profit of SR 800 Million for year 2009 (without taking any capital gains into account). Our targeted net profit for the first quarter of this year is to reach SR 160 Million InshaAllah.

I would like to take this opportunity to sincerely thank you for your continued unwavering support and trust towards Savola Group and look forward to share with you positive results for year 2009 InshaAllah.

Thanking you again and with best wishes,

Dr. Sami Mohsen Baroum
Group Managing Director



Savola Plastic Sector Increased Its Sales

by 37% to reach SR 775 million for 2008 versus last year



Eng. Azhar Kanji
President of the Plastic Division

Eng. Azhar Mohiuddin Kanji – President of the Plastic Division in Savola Group declared that the Division had achieved sales of SR 775 million in 2008, which showed 37% increase compared to last year. Sector export sales also jumped by 104% over last year. Eng. Azhar highlighted that the sector export its high-quality plastic products to 25 countries around the world, covering Middle East, North Africa, Asia and Europe (countries included Japan, Syria, Egypt, Canada, Sudan, Australia, Ethiopia, Germany, UAE, Kuwait, etc.). In this regard, Eng. Azhar appreciated and thanked the Division's employees for their untiring efforts, which contributed with the Grace of Allah Almighty to achieve such outstanding results.

It is worthy to mention that the Savola Plastics Division, consists of three companies, comprised of six factories geographically located in Jeddah, Riyadh and Alexandria. All factories manufacture high-quality plastic packaging industrial products in various business applications (Dairy & Juices, Carbonated Soft Drinks, Edible Oil, Water, House and Personal Care, Lube oil, Petrochemicals etc.). Al-Hamduliah, all these companies have

a leading share in the market segments they operate in.

Eng. Azhar said that for Savola Packaging System Company the greatest proof of recognition is that the Plastic Sector won the prestigious King Abdulaziz Award for Quality for having excellent processes in all of its operations and administration. This award represents the highest recognition for quality standards in Saudi Arabia.

Al Osra Sugar Production Launched in Egypt



The “Al Osra” product was launched in the Egyptian market through a mega distribution network covering all regions of Egypt, via large sophisticated distribution network that coalesce 30 distributors, each of high warehousing capacity covering the whole nation with a fleet of 105 branded direct cash vans accompanied by 105 sales representatives.

By the end of 2008, USCE has reached total sales of 203,000 sugar tons including both Retail and Industrial Sales. Al Osra sales reached 115,141 tons, distributed by a mega distribution arm including retail & wholesalers. Meanwhile, industrial sales reached a total of 87,000 tons

by directly servicing a client base that reached 45 clients.

According to Retail Audit Readings for 2008, Al Osra enjoys a total market share of 14% in the Egyptian Market, and reached a numeric distribution of 39% and weighted distribution of 41%.



\$ 150 Million Invested in Egyptian Beet Sugar

Alexandria Sugar Company (ASC), is the first Savola Group project in the area of Beet Sugar. The main business line of ASC is to produce White Sugar from Beet Root, with the capacity to produce 180 KMT of White Sugar, 60 KMT of Molasses and 60 KMT of Fodder (beet root pulp) per year. The daily capacity is 9,000 tons of beet roots will enable the company to produce 1,300 tons of white sugar, 540 tons of molasses and 540 tons of fodder per day. The project is expected to start commercial production during Q1 2011. The new factory, which is located 55 km away from Alexandria – the second largest governorate in Egypt, is equipped with a refining unit able to refine 1,200 tons of raw sugar per day during the off-season.

The advantage of this business is in the low cost of raw materials (beet root) being a domestic crop in Egypt, in addition to the increasing demand on the high price by products (molasses and fodder). This project will be an addition to the Egyptian economy as it will be part of fulfilling the current Sugar Gap which is about 1.1 million tons.

During 2008 ASC established the company, secured the equip-

ment through a contract with an International Company, planted 1,600 acres as trials for Agro, secured the feedstock to the factory, obtained majority of the licenses required by the various authorities in Egypt and started extending utilities to site.

The total investment cost of this project is USD 150 Million, financed 40% Equity and 60% through bank debts.



SAVOLA GROUP COMPANY

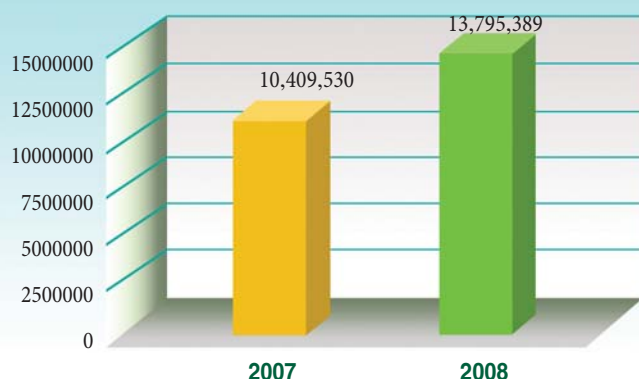
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET

As at December 31, 2008

	2008 (SR 000) (Unaudited)	2007 (SR 000) (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	543,763	334,533
Investments	147,853	947,389
Trade receivables	872,959	663,612
Inventories	2,151,732	1,231,811
Prepayments and other current assets	814,930	533,994
Total current assets	4,531,237	3,711,339
Non-current assets:		
Investments	4,756,918	4,048,016
Intangible assets	935,046	316,848
Property, plant and equipment	4,303,635	3,513,801
Total non-current assets	9,995,599	7,878,665
Total assets	14,526,836	11,590,004
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term bank debts	3,447,381	1,313,670
Current portion of long-term debts	155,163	133,185
Trade payables	1,168,523	781,969
Accrued expenses and other current liabilities	1,076,971	909,742
Total current liabilities	5,848,038	3,138,566
Non-current liabilities:		
Long-term payables	62,525	68,803
Long-term debts	1,106,090	456,540
Employees' termination benefits	210,803	153,418
Total non-current liabilities	1,379,418	678,761
Total liabilities	7,227,456	3,817,327
EQUITY		
Equity attributable to the Company's shareholders:		
Share capital	5,000,000	3,750,000
Statutory reserve	772,947	902,710
General reserve	4,000	4,000
Unrealized (loss) / gains on investments	(103,969)	450,929
Foreign currency translation adjustments	(117,685)	(92,082)
Retained earnings	994,784	2,141,344
Total shareholders' equity	6,550,077	7,156,901
Minority interests	749,303	615,776
Total equity	7,299,380	7,772,677
Total liabilities and equity	14,526,836	11,590,004

Revenues growth for the year ended on 31 December 2008 (in SR 000)



Note Please:

To review the detailed accounts for the 4th quarter, please visit Savola website:

(www.savola.com)

or Tadawul website:

(www.tadawul.com.sa)

It was also published in Al-Madina Newspaper Issue No. 16709 dated 21st January 2009

SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

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INTERIM CONSOLIDATED STATEMENTS OF INCOME

For the three-month and year ended December 31, 2008

	Three-month period ended		Year ended	
	December 31, 2008 (SR 000) (Unaudited)	December 31, 2007 (SR 000) (Audited)	December 31, 2008 (SR 000) (Unaudited)	December 31, 2007 (SR 000) (Audited)
Revenues – net	3,567,015	2,630,033	13,795,389	10,409,530
Cost of revenues	(3,320,898)	(2,178,106)	(12,006,965)	(8,705,859)
Gross profit	246,117	451,927	1,788,424	1,703,671
Share of profits (loss) of associates and jointly controlled entity and dividend income – net	45,299	46,757	335,174	243,753
Other income – net	78,006	29,084	136,471	82,057
	369,422	527,768	2,260,069	2,029,481
EXPENSES				
Selling and marketing	(293,807)	(227,319)	(1,134,386)	(839,516)
General and administrative	(121,280)	(103,822)	(452,709)	(456,794)
Total expenses	(415,087)	(331,141)	(1,587,095)	(1,296,310)
(Loss) / income from operations	(45,665)	196,627	672,974	733,171
(Loss) / gains on disposal of investments	(35,336)	18,351	147,980	863,982
Impairment of assets and project costs written off	(437,166)	(7,151)	(437,166)	(110,482)
Financial charges – net	(53,464)	(7,168)	(161,046)	(33,326)
(Loss) / income before Zakat and income tax and minority interests	(571,631)	200,659	222,742	1,453,345
Zakat and income tax	14,249	(7,866)	(51,935)	(115,463)
Net (loss) / income before minority interests	(557,382)	192,793	170,807	1,337,882
Share of minority interests in the net loss (income) of consolidated subsidiaries	93,535	(15,386)	31,551	(107,858)
Net (loss) / income	(463,847)	177,407	202,358	1,230,024
Loss / earnings per share (SR)				
- (Loss) / income from operations	(0.09)	0.39	1.35	1.47
- Net (loss) / income	(0.93)	0.35	0.40	2.46

SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2008

	2008 (SR 000) (Unaudited)	2007 (SR 000) (Audited)
Cash flows from operating activities:		
Net income	202,358	1,230,024
Adjustments to reconcile net income to net cash provided by		
Operating activities:		
Depreciation, amortization and impairment	788,457	403,373
Share of minority interests in net (loss) income of consolidated subsidiaries	(31,551)	107,858
Gain on sale of property, plant & equipment	(2,810)	(1,439)
Financial charges	161,046	33,326
(Gains) on disposal of investments	(147,980)	(1,107,735)
Changes in operating assets and liabilities:		
Trade receivables	(131,900)	(43,516)
Inventories	(770,150)	(731,153)
Prepayments and other current assets	(171,615)	(173,845)
Trade payables	214,381	829,385
Accrued expenses and other current liabilities	123,781	308,517
Employees' termination benefits	33,342	36,702
Total adjustments	65,001	(338,527)
Net cash provided by operating activities	267,359	891,497
Cash flows from investing activities:		
Effect on cash flows due to deconsolidation of a subsidiary	--	(140,750)
Net change in investments	(750,295)	(1,039,201)
Net change in intangible assets	(577,206)	(130,189)
Additions to property, plant and equipment	(1,021,171)	(1,242,634)
Net cash (used in) investing activities	(2,348,672)	(2,552,774)
Cash flows from financing activities:		
Net change in short-term bank debts	2,133,324	(143,050)
Net change in long-term debts	661,403	(62,593)
Net changes in minority interests	163,140	(100,399)
Financial charges	(161,046)	(33,326)
Net changes in restricted deposits against financing	4,307	69,490
Dividends paid	(506,278)	(558,802)
Net cash provided by (used in) financing activities	2,294,850	(828,680)
Net change in cash and cash equivalents	213,537	(2,489,957)
Cash and cash equivalents at beginning of year	330,129	2,820,086
Cash and cash equivalents at end of year	543,666	330,129
Non cash items:		
Foreign currency translation adjustments	(25,603)	(11,221)
Unrealized (loss) / gains on available-for-sale investments	(554,898)	396,907
Directors' remunerations	2,200	2,300

Almarai Announces the Acquisition of a 75% Stake in Taiba

Almarai Company (28% owned by Savola Group) has entered into a definitive agreement during December 2008 to acquire 75% of Taiba Investment for Developed Food Processing Company PSC (Taiba). The founders Khalil Family will retain the remaining shares (25%). The transaction was based on an enterprise value of JOD 89 million (SR 474 million) for "100%" of the shares and is expected to close in January 2009, following the completion of standard transaction conditions. This acquisition, the first outside the Kingdom of Saudi Arabia, provides Almarai with a platform for future growth. This is an important strategic venture for the group in a market that is showing considerable growth. Leveraging Almarai capabilities through the platform offered by



Taiba should allow Almarai to become the preferred choice in Jordan in a short time frame. This transaction will better enable Almarai to maintain its impressive growth and track record in delivering value for shareholders. Taiba is one of the leading dairy players in the Jordanian markets. The company was established in 2005. Taiba recently commissioned a new plant and launched a new line of products.

It is worthy to mention that Almarai Company generated a net profit for the 4th quarter 2008 amounted to SR 219.2 Million, compared to the same period of last year SR 193.1 Million, which represents an increase of 13.5%. Net profit for the year 2008 amounted to SAR 910.3 Million compared to the last year SR 667.3 million or increase of 36.4%.

Turkuaz Edible Oil Receives Kazakhstan Prime Minister & Launches its New Edible Oil Refinery

Turkuaz Edible Oil Industries (TEOI) in Kazakhstan is 90% owned by Savola Food Sector. Between 2004-2008 Savola Group invested 15 million USD in TEOI. The latest investment was 9 million dollars, which was mainly for second new refinery which increased capacity from 70 tons to 270 tons on a daily basis.

This investment has made Savola Foods Kazakhstan a major player in the Kazakhstan edible oil market and one of the major foreign investments in Kazakhstan. The business supports agriculture and farmers especially in Western Kazakhstan. In addition, edible oil became very strategic last year due to prices in the commodity market which led to an export ban on edible oil product in Kazakhstan.

The country's Prime Minister's made an official visit and attended the opening of the new refinery on December 14th, 2008.

This occasion was also attended by Aktoke's Mayor, Yeleusin Sagindikov

and the company's partner Turkuaz's president Zeki Pilge. Zeki Pilge and Cevdet Duru, General Manager for Savola Kazakhstan Co., welcomed Prime Minister and esteemed guests to the plant territory. Bakitjan Turmetov, Finance Director made the official presentation about Savola Group and Savola Foods Kazakhstan and gave explanations about the investment to the Prime Minister and guests. The Prime Minister went upstairs to the control room and pressed the start button to launch the new refinery. The guests greeted the sounds of the new refinery by their cheers!



Herfy Increases its Outlets, to be 139 Outlets And Launched New Products for Consumers

As a continuation to its ongoing success and in order to widen up its reach even more, HERFY Company, which is 70% owned by Savola, has opened during the fourth quarter of 2008 additional four outlets: 1 outlet in Riyadh (Sulaimania Qrtr.), another in

During the 4th quarter of 2008, HERFY has launched series of very successful campaigns targeting HERFY's distinguished Chili Chicken menu item

(promotional price of the sandwich was SR.8 and that of the combo was SR 13) as well as HERFY's introduction of 2 new very successful & mouth-watering menu items, namely Beef Tortilla (promotional price of the sandwich was SR 9 and that of the combo was SR 14) as well as Fish Tortilla (promotional price of the sandwich was SR 10 and that of the combo was SR 15), which satisfied HERFY's customers who are always eager for the company's new menu

Qassim - Buraidah (Omar Bin Al Khattab St.), and 2 more outlets in Al Madinah (Noor Mall & Manar Mall). These four carefully-chosen outlets have increased HERFY's restaurants chain, the largest in the Kingdom, to 139 outlets Kingdom wide.

items & promotions.

On the other hand, HERFY's Meat Factory Products were part of very attractive offers in all major retail stores & Hyper Markets in various regions of the Kingdom. In addition, new premium-quality food items have been introduced to the market, namely Chocolate covered Maamoul, Chocolate Maamoul Fingers, Cardamom Cookies, Coconut Cookies, Bran & honey Cookies, and Bran Rusk (low-fat, sugar-free).

Furthermore, new plans and new products are on the way in order for HERFY to maintain its leading position in the food business.



Savola Holds its Annual Management Conference 2009

To review year 2008 performance and share key learnings as well as year 2009 Outlook



The Savola Group held its annual conference 2009 for its senior management team on January 28th, 2009 at Jeddah Hilton hotel under the slogan of “Determination to Win”. The conference was attended by more than 200 managers of the Group headed by the Group MD, Dr. Sami Baroum and all the Sector CEOs.



Dr. Baroum shared with the participants the Group's financial results and the business performance for the year 2008. He pointed out that with Allah's grace and support, the Group further strengthened its leadership in its core businesses across the various markets it operates in, and achieved many milestones in its growth strategy. Dr. Baroum then highlighted the impact of the Global Financial Crisis on the activities and financial results of the Group for year 2008 and how its consequences will be dealt with during the coming period. He also shared with the executive team the key learnings of year 2008 and how the Group

could leverage these learnings in the future.

Later, the CEO of each sector shared with the participants the key highlights for the business performance of his respective sector along with the key learnings of year 2008 for the

sector. The Sector CEO's also shared their 2009 business projections and the key business targets which each sector aims to achieve. Dr. Baroum later shared with the participants the promising outlook for year 2009 and the Group's thrust towards

focusing on its core businesses and leveraging on the Group's strategic assets.

The conference also included a live electronic survey with the participants on their views on several business and cultural aspects of the Group and the respective business sectors. The survey results provided highly valuable insights which will be duly benefited from in the implementation of the Group's strategy, and the organization of the next event, InshaAllah. At the end of the conference, there was an open session allocated for questions and answers.



Savola Short Listed in the Triple Golden List Nominated for the Sa'afra Award for criteria of Transparency, Fairness, and Accountability

With the Grace of the Almighty Allah Savola Group crowned another story to its success stories accomplished during the past years. The Group has been recently qualified to win the Sa'afra Award for Ethical Business Excellence in Saudi Arabia among three corporations shortlisted in the Golden list out of a number of corporations that applied for the award, launched in the Kingdom during the year 2008 and held under the patronage of HRH Prince Salman Bin AbdulAziz. The short Golden List comprised Savola, Islamic Development Bank, and CITC.

Sa'afra award program conceptualized and established by HH Prince Turki bin Abdullah bin Abdulrahman in 2008 to honor those leading organizations that promote ethical behavior amongst businesses and institutions in Saudi Arabia. It has also been established to promote and increase awareness about corporate social responsibility, transparency and accountability in everyday business practice throughout the Kingdom. By rewarding both private and public sector businesses



Sa'afra Committee, Chairman & Members with Savola Group Executives Team

for excellence in ethical business, the Sa'afra award program aims to provide role models for others to follow through showcasing of the best of responsible business practices emerging from Saudi industry each year.

Savola has exerted relentless efforts that have been exerted to form a strong cultural framework “The Balanced Way” which governs and monitors all its activities. It used this experience to file a strong case supported by its evi-

dences for qualifying for the award.

Savola culture was evaluated and assessed by the nomination committee in accordance with the award criteria where resulted in ranking it among the Golden list of the three corporations qualifying for the award.

It is worth mentioning that during the Award Committee meeting with Savola Executives Team heading the task to answer the additional enquiries and questions of the committee

with regard to the documents submitted and for verification purposes, the Award Committee Chairman; Engr. Adel Boshnaq stated that “reaching this advanced stage for the award is a great achievement for the three corporations short listed in the Golden List”. The meeting has been attended by the Managing Director of the Group, Dr. Sami Baroum.

In this regard, Dr. Sami Baroum, the MD of the Group, and the management team pointed out that such an accomplishment is attributed to the high ethical values “The Balanced Way” Savola has built during its successful business cycle which enabled the Group to receive a number of local and international awards and certificates of appreciation. In this connection, it is worthy to mention that, in a study carried out by Hawkama Institute (Non-profit organization specialized in CG) and sponsored by the National Investors (TNI), the Group has ranked number ONE in Corporate Governance and transparency among the Saudi publicly listed companies and Number (14) among 581 listed companies across the Gulf Countries.

Disabled Children Association Honored Savola Group for its support and assistance to the Association's programs



Mr. Mahmoud Abdul Ghaffar, SVP Corporate Affairs, Receives Certificate of Recognition from HRH Prince Sultan Bin Salman Bin Abdulaziz on behalf of the Group

Under the patronage of HRH Prince Sultan Bin Salman Bin Abd Al-Aziz – Chairman of the Disabled Children Association (DCA), the DCA set up in the beginning of December, 2008 a ceremony to honor institutions and individuals giving support and assistance to the Association programs through the employment of the disabled children. HRH, in the presence of His Excellency, the Deputy Minister of Labor, Chairman of Riyadh Chamber of Commerce and Industry, and with the participation of more than 180 organizations and companies, has honored Savola Group as the first group representing the distinguished initiators, supporting and assisting the disabled employment programs for its role in sponsoring, qualifying, training, and employment of the special needs people. HRH appreciated the role of Savola Group and the other supporting organizations for their cooperation and continued support to the Association activities through various programs being adopted. Such a support has been embodied by Savola's commitment to the principle of the Corporate Social Responsibility (CSR) by adopting, and giving an increasing care and priority for the special needs people. HRH expressed his thanks to Savola Group and other supporting organizations for their continued cooperation with the Association and for their support of the various programs and activities of the Association.

In the honoring ceremony, Mr. Mahmoud Mansour Abdul Ghaffar, SVP Group Corporate Affairs represented the Group in this occasion and received a certificate of recognition and appreciation from HRH who expressed his personal appreciation for Savola's efforts and for its role in supporting the activities and businesses of the Association.

Azizia Panda Organizes Charity Program to Aid Gaza

In response to King Abdullah Bin Abdul Aziz initiative toward the impact of the war in Gaza, Azizia Panda United Company had announced the launch of «Panda campaign to aid Palestinians in Gaza» where four different program will start to collect donations for Gaza people.

Dr. Kashgari – CEO of retail sector announced that Panda Company will donate 1% of total sales of the stores in the Kingdom during one week as its first program. The second program is to donate the whole income during one month in «leave the change for them» program, in association with «DCA». The third program is to collect donations from volunteering Panda staff to be deducted from their monthly salary. The final program will arrange with suppliers to collect donations where Panda will give this donations to «World Assembly of Muslim Youth» to secure and deliver it to Gaza people.



Dr. Mohammed Kashgari – CEO, Retail Sector Launches Panda's Blood Campaign

On the other hand and as a continuation to its CSR initiative, Azizia Panda United Company has announced recently the ending of «Blood donation» program in association with the Ministry of Health (MOH), which had lasted for more than 5 days in different Panda and Hyper Panda stores in the Kingdom; donors reached more than 1000. The campaign that has been launched in association with a number of hospitals, blood bank, Al Rahma Charity and some MOH health centers had raised the awareness of Panda visitors and staff as well on the importance of blood donation. Where one donors can save the lives of three persons; and the importance of participating on community activities that reflect a positive attitude among the people.

Dr. Kashgari said that «Panda Blood Donation comes as a part of strategic movement of the company toward the CSR journey under «Wajeb Alina» which means our duty». This approach work in parallel with developments and expansions plans of the company» Dr. Kashgari sent his gratitude to those who made this campaign a successful one including MOH, volunteers and the medical staff as well.

Savola Group Shares its CSR Experience

During the Conference of Partnership and CSR Forum of the Public & Private Sectors

In the presence of many leading Saudis companies, the Savola Group participated in the Partnership and Corporate Social Responsibility (CSR) Forum of Public & Private Sectors which was held in Riyadh from 1st to 3rd February 2009 under the slogan «Our Community.. Our Responsibility» and under the patronage of the Custodian of the two Holy Mosques, King Abdullah Bin Abdulaziz Al-Saud, May Allah Protect him, which was organized by the Ministry of Social Affairs.

Savola Group has participated through a working paper, titled «CSR practices in the Commercial Sector», out of its successful experience and practices in the area of CSR which was presented by Mrs. Faten Alyafi, Senior Director - CSR in the Group. In this regard, Mrs. Alyafi highlighted the importance of the Commercial Sector's role in the development and implementation of CSR which is considered as one of the key factors that support CSR programs in the Kingdom. Such a role is directly related to the various categories of the society such as consumers, clients, and suppliers. This vital sector is considered as one of those first entities that support such programs where it represents several institutions like Public Listed Companies, Family Businesses Companies, Retail and Services Companies, Banks, and Commercial Agencies and other Private Organizations.

Mrs. Alyafi also emphasized the importance of the partnership between the Commercial Sector and the Public Sector, means and methods of fulfilling their role and aspects of similarity and integration and efforts unification between the Public and Private Sectors.

Furthermore, Mrs. Alyafi shared Savola success story and experiences in the area of CSR where the Group was considered as one of the first companies to adopt the CSR initiatives since its establishment in 1979. The Group used to support and assist the businesses and activities that aim at extending services to the society through giving financial support to establishments, charitable societies and poor families in addition to sponsoring forums and conferences organized Kingdom wide. In 2002, the Group

started to re-organize its social activities, set up plans and launch programs related to the CSR through a department that was formed for such a purpose. As the Group Board realized the importance of CSR, in 2004 a sub committee for the CSR is formed. Thus, CSR has become the most important concerns of the Board in terms of planning, implementation and follow-up.

It is worthy to mention that the Savola Group initiated the CSR programs with several bridges that aim at serving the society through activities and partnerships with establishments, social and charitable societies covering various fields like education, health, environment, special needs individuals and others. Following this successful program, the Group has developed a new strategy and vision to implement its pro-

grams assigned for CSR that aim at focusing its resources, efforts and capabilities. Such a development can be accomplished through focusing on two bridges only in the area of the CSR and by fulfilling continuity and distinction thereof.

The first bridge represents «Savola Bridges for Special Needs Individuals» which aims at setting up a «Center of Excellence» to train and employ special needs individuals for which the Group has started the preparations in coordination with a well known international consultancy firms specialized in training & recruiting for Special needs; while the second bridge «Leadership Programs» aims at transferring of Savola's successful experiences and practices in the area of leadership and advanced management capabilities locally and regionally. Such

experiences are included but not limited to «Corporate Culture, Marketing Research, CSR, Corporate Governance and Saudization etc». This bridge was launched during the year 2008 with the participation of the Group MD and the Executive Team. The Group Managing Director and a number of Executives of the Group and its subsidiaries shared their experience by holding various lectures, forums for a number of Institutions and also through participating with work papers in conferences. To further support this initiative, the Group signed an agreement with the Young Businessmen Organization at the Council of Saudi Chambers of Commerce during the year 2008. The objective of this agreement was to support and sponsor the organization to carryout its activities.



Mrs. Faten Al-Yafi, Sharing Savola CSR Experience During the Forum

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For more information or sharing views, please contact
Fax (2) 6482053, alnour@savola.com,
or visit our website www.savola.com

Management & Editing

Mr. Mahmoud Abdul Ghaffar
SVP Corporate Affairs & Board Secretary
Alnour Ali Saad
Director, Corporate and Board Affairs

Distribution & Assistant Team

Abdullah Mufed **Khaled Khaleefa**
Al Sadik Yousuf **Eihab Alsayed**
Siddiqui Zeeshan

Designed by

Eng. Abd Elhalim Abd Elkaram M.